

Mr. OBAMA. Mr. President, today I am introducing a resolution honoring the life and contributions of Coretta Scott King. I hope all my colleagues will join me in this effort.

Mr. SARBANES. Will the Senator yield? Will the Senator place me on his resolution?

Mr. OBAMA. I am happy to.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will stand in recess until 2:15.

Thereupon, the Senate, at 12:26 p.m., recessed until 2:15 p.m., and reassembled when called to order by the Presiding Officer (Mr. VOINOVICH).

NOMINATIONS OF BEN S. BERNANKE TO BE A MEMBER AND CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Continued

Mr. BUNNING. Mr. President, I rise today to oppose the nomination of Dr. Ben Bernanke to be Chairman of the Board of Governors of the Federal Reserve. I am not one who relishes opposing President Bush's nominees or his policies. I have been supportive of an overwhelming majority of them, but I have opposed a nominee or two on a few occasions. This is one of those rare occurrences.

Dr. Bernanke has an impressive resume and career. He received his bachelor of arts in economics in 1975 from Harvard University. From there he headed off to Massachusetts Institute of Technology where he received his Ph.D. in economics in 1979. He was assistant professor of economics in the graduate School of Business at Stanford University from 1979 to 1983 and then became associate professor of economics at Stanford's graduate School of Business from 1983 to 1985.

Ben Bernanke then popped over to Princeton University. There he became a professor of economics and public affairs from 1985 to 1994. He stayed at Princeton and ultimately became chair of its economic department until 2002. He was then appointed to serve as a member of the Board of Governors of the Federal Reserve System by President Bush.

Dr. Bernanke was then tapped as chairman of the President's Council of Economic Advisers and he has held that post since June of 2005.

Of course, along with this academic and employment résumé, Dr. Bernanke has received many honors and fellowships along the way. He has also published many articles on a wide variety of economic issues, articles relating to monetary policy, inflation targeting, microeconomics, central banking, and many other issues relating to economic and monetary theories.

This all sounds very impressive, and it is. It is an economic elitist dream.

For some, it can be a nightmare. I hope he does not hold too many of the ivory-towered theories of academia for real-world wisdom as he heads off to be the next Fed Chairman.

I voted for Ben Bernanke in the Banking Committee and in the Senate to be the Fed Governor in 2002. I supported him to the Board of Governors at the Fed because of a private meeting we had.

Over the years I have had some great concern about the Federal Reserve and the way it operates. One of my biggest concerns is that the Federal Open Market Committee, the FOMC, suffers from "group think." It seems to me no one ever challenges the Fed Chairman. I rarely, if ever, witnessed or heard any of the Fed Governors publicly challenging or disagreeing with Chairman Alan Greenspan.

Chairman Greenspan has done an admirable job during his tenure at the Federal Reserve. He had a difficult task. Part of his job was to predict the future. However, I believe Chairman Greenspan has always erred on the side of raising interest rates. I am not alone with this opinion. History has shown he has made many mistakes in raising rates for too long. My problem is when he did that, not one Governor raised their voice. Instead, they either bit their tongue out of fear they would be viewed as not a team player or perhaps what might be worse is that they all agreed with each other and simply reinforced bad ideas.

Diversity of thought and dissension is, indeed, necessary within the Federal Reserve. After all, the Chairman of the Fed and its Board of Governors essentially have the greatest power over shaping our economy. And the economy affects every American.

I understand the argument that to have an FOMC rife with dissension might not be the best for the markets. I have heard the argument that it would rattle the markets and send Wall Street into a tizzy. Yes, overall, it is important the FOMC speak with one voice. However, the pendulum can swing too far from dissent. My fear is that the FOMC under Chairman Greenspan has arguably suffered from group think and that the FOMC has unintentionally become a rubberstamp for Chairman Greenspan's recommendations.

We need an FOMC that is truly independent. It must be independent from the Congress and the executive branch. We cannot have a Fed that is influenced by the President. We certainly know the Fed does not pay any attention to Congress. For the FOMC to function properly, its members must challenge the Chairman. No Chairman should be able to dominate. There must be intellectual sparring so all members are heard and the FOMC can come up with the best decision for the country.

The Federal Open Market Committee needs independent voices. Dr. Bernanke promised me he would be an independent voice as a member of the

FOMC. He promised me he would stand up to the Chairman if he thought he was being rolled. Sadly, I have not seen very much evidence of him being independent. I never saw him vote, not once, against the Chairman. I never, ever saw him challenge the Chairman. And as far as I can tell, they never had a disagreement.

As important as it is for the FOMC member to be independent, it is more important the Chairman be independent. The Fed Chairman must not give in to outside pressures. Monetary policy decisions must be made for the good of the country and not for political considerations. When Dr. Bernanke was a Fed Governor, I did not witness him showing independence from the Chairman at all. During his tenure as a Fed Governor, there were 23 votes taken by the FOMC committee. Not once did Dr. Bernanke vote against Chairman Greenspan. I don't think that is independence; that is group think. He did not show independence as a Fed Governor. How can we be sure he will be an independent person as Chairman of the Fed?

The pressures to go along for a quick political fix will be even greater. Will he stand up to the President? Will he stand up to the New York Times, the Washington Post, the Wall Street Journal? Will he stand up to the business and economic pundits in the broadcast media or anyone else when they call for rate increases or decreases? I am not convinced he will. The past is prologue. I hope I am wrong.

It is mainly for this reason that in 2005 I opposed his confirmation as Chairman of the President's Council of Economic Advisers. I hope Ben Bernanke proves to be a fine Chairman of the Federal Reserve. I hope he uses his vast knowledge of our economy to make correct monetary policy decisions. I hope he gains the trust of Wall Street, much like the last two chairmen.

Dr. Bernanke has talked about bringing more transparency to the Fed. I hope he does this. I hope he continues to be plain spoken.

One other reason I oppose Dr. Bernanke is because he says he will continue the policies of Chairman Greenspan. That does not sit well with me. I hope this is not completely true. I hope Ben Bernanke refrains from talking about things outside the purview of the Federal Reserve. One of my biggest problems with Chairman Greenspan was that he talked about everything under the sun: tax policy, trade deficits, budgets, fiscal policy, the Nation's oil patch. The Fed's jurisdiction is narrowly scoped to monetary policy, but if you asked Chairman Greenspan about monetary policy, he would talk about everything under the Sun without ever answering your questions. If you asked him something that had nothing to do with monetary policy, he was more than happy to give you a clear and concise answer. Hopefully, Dr. Bernanke will be a different